

# House Study Bill 244 - Introduced

HOUSE FILE \_\_\_\_\_

BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON SANDS)

## A BILL FOR

1 An Act creating a cellulosic ethanol production tax credit  
2 available against the individual and corporate income tax  
3 and including effective date and retroactive and other  
4 applicability provisions.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1     Section 1.   NEW SECTION.   **422.10A Cellulosic ethanol**  
2 **production tax credit.**

3     1. As used in this section, unless the context otherwise  
4 requires:

5     *a. "Cellulosic biomass materials"* means any lignocellulosic  
6 or hemicellulosic matter that is available on a renewable or  
7 recurring basis, including energy crops grown specifically for  
8 fuel production such as switchgrass, and including agricultural  
9 plant residues such as corn stover, rice hulls, sugarcane, and  
10 cereal straws.

11    *b. "Cellulosic ethanol"* means ethyl alcohol for use as motor  
12 fuel that meets the current American society for testing and  
13 materials standard D4806 for ethanol that is produced from  
14 cellulosic biomass materials.

15    *c. "Cellulosic ethanol producer"* means an entity that uses  
16 cellulosic biomass materials to manufacture cellulosic ethanol  
17 at a location in this state.

18    2. The taxes imposed under this division, less the  
19 credits allowed under section 422.12, shall be reduced by a  
20 cellulosic ethanol production tax credit to a taxpayer who is  
21 a cellulosic ethanol producer equal to the product of twenty  
22 cents multiplied by the number of gallons of cellulosic ethanol  
23 produced in this state by the cellulosic ethanol producer  
24 during the calendar year, not to exceed five million dollars  
25 per cellulosic ethanol producer per calendar year.

26    3. Any tax credit in excess of the tax liability is  
27 refundable. In lieu of claiming a refund, the taxpayer  
28 may elect to have the overpayment shown on the taxpayer's  
29 final, completed return credited to the tax liability for the  
30 following tax year.

31    4. An individual may claim the tax credit allowed a  
32 partnership, limited liability company, S corporation, estate,  
33 or trust electing to have the income taxed directly to the  
34 individual. The amount claimed by the individual shall be  
35 based upon the pro rata share of the individual's earnings of

1 the partnership, limited liability company, S corporation,  
2 estate, or trust.

3 5. The department shall adopt rules pursuant to chapter 17A  
4 to administer this section.

5 6. This section is repealed January 1, 2025.

6 Sec. 2. Section 422.33, Code 2015, is amended by adding the  
7 following new subsection:

8 NEW SUBSECTION. 23. a. The taxes imposed under this  
9 division shall be reduced by a cellulosic ethanol production  
10 tax credit allowed under section 422.10A.

11 b. This section is repealed on January 1, 2025.

12 Sec. 3. EFFECTIVE UPON ENACTMENT. This Act, being deemed of  
13 immediate importance, takes effect upon enactment.

14 Sec. 4. APPLICABILITY. This Act applies to cellulosic  
15 ethanol produced in this state on or after the effective date  
16 of this Act.

17 Sec. 5. RETROACTIVE APPLICABILITY. This Act applies  
18 retroactively to January 1, 2015, for tax years beginning on  
19 or after that date.

20 EXPLANATION

21 The inclusion of this explanation does not constitute agreement with  
22 the explanation's substance by the members of the general assembly.

23 This bill creates a tax credit available against the  
24 individual and corporate income tax for the production of  
25 cellulosic ethanol in this state by a cellulosic ethanol  
26 producer. "Cellulosic ethanol", "cellulosic ethanol producer",  
27 and other related terms are defined in the bill. The tax  
28 credit is equal to the product of 20 cents multiplied by  
29 the number of gallons of cellulosic ethanol produced by a  
30 cellulosic ethanol producer in this state during a calendar  
31 year, not to exceed a maximum of \$5 million per cellulosic  
32 ethanol producer per calendar year. The tax credit is  
33 refundable but may be carried forward to the following tax year  
34 in lieu of a refund. The tax credit is repealed on January 1,  
35 2025.

H.F. \_\_\_\_\_

1     The bill takes effect upon enactment and applies to  
2 cellulosic ethanol produced in this state on or after that  
3 date. The bill applies retroactively to tax years beginning on  
4 or after January 1, 2015.